

CREDIT EXTENSION PROCESS USING A PREPAID CARD

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CROSS REFERENCE TO RELATED APPLICATIONS

This is non-provisional application is a continuation-in-part on the patent application Serial No. 09/939,940 [pending] to David Knox et al., for "Multiple denomination currency receiving and prepaid card dispensing method and apparatus" filed August 27, 2001, which is commonly assigned herewith to DataWave Systems Inc, and is incorporated hereinto in its entirety by reference.

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FIELD OF THE INVENTION

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The invention is generally related to the field of credit extension, particularly with respect to prepaid card customers.

BACKGROUND OF THE INVENTION

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The funding purchase transactions with credit cards has become widely accepted in our society. Nevertheless, a large number of purchase transactions are facilitated with cash. Cash has the advantage of allowing the purchaser to remain anonymous, thereby maintaining a purchaser's privacy. Still other purchasers are

not deemed credit worthy and thus are not qualified to use credit cards. However, card based purchase transactions can be more convenient than cash because the need to physically carry cash is eliminated and the need to manually count cash at the time of purchase is also eliminated. Recent prepaid cash cards, such the prepaid cash card provided by DataWave Systems™, Inc., allow anonymous deposits and purchases with the convenience of a card based transaction. However, for those consumers deemed unworthy of credit, anonymous prepaid card transactions, while facilitating transaction convenience, do not facilitate establishment of credit worthiness.

Cash based transactions remain popular today for a variety of reasons. Many people are compensated in cash. This is because it is often too difficult to establish check or direct deposit based compensation. For example, waiters and waitresses may receive considerable tip compensation in the form of cash. Furthermore, some consumers may have no banking institution to handle direct deposit or check compensation, or may not be employed for a sufficient duration to merit establishment of check or direct deposit compensation, or may simply prefer cash compensation.

For consumers that receive cash compensation, the prepaid cash card provides a more convenient and secure method of consumer purchasing. The prepaid cash card customer simply deposits cash in an automated currency processor having an account associated with the card. Large sums of cash no longer need to be carried on their person, thereby providing a measure of security against loss or theft of their cash. Furthermore, one need not engage in the tedious and mistake prone counting of cash to make a purchase and subsequent counting of change received from the purchase. The amount of the purchase is automatically and accurately applied to an account balance by computerized accounting systems.

A number of cash compensated prepaid card customers may indeed be as credit worthy as others that receive pay check or direct deposit compensation.

However, the absence of a bank account or a record of deposit and spending history is often a considerable obstacle in establishing consumer credit for those receiving cash compensation. In the alternative, a number of prepaid card customers may have a bad prior credit history and desire to reestablish credit. Thus, what is needed is a way to extend credit to those receiving cash compensation without necessarily referring to prior credit performance. What is further needed is a way to establish a credit history for use by other creditors desiring to extend additional credit. It is also desirable to extend credit without demanding the loss of privacy facilitated by anonymous cash based transactions.

BRIEF DESCRIPTION OF THE DRAWINGS

FIG. 1 shows a block diagram of a system operating in accordance with the present invention.

FIG. 2 shows a flow diagram of a process wherein a second financial institution facilitates a credit transaction based upon loan performance at a first financial institution wherein the credit rating for the loans is established by deposit and purchase transactions of a prepaid card customer.

FIG. 3 shows a flow diagram of a process for establishing credit after provision of personal information in accordance with the present invention.

FIG. 4 shows a flow diagram of a process for extending credit on the basis of account transactions in accordance with the present invention.

FIG. 5 shows a flow diagram of a process for validating anonymous deposits and purchases prior to provision of personal and credit information for the purpose of credit determination.

FIG. 6 shows an alternate process for credit extension and transaction validation based on the BIO-ID of the customer.

5 DETAILED DESCRIPTION OF THE INVENTION

It is important to note, that these embodiments are only examples of the many advantageous uses of the innovative teachings herein. In general, statements made in the specification of the present application do not necessarily limit any of the
10 equivalent and various claimed inventions. Moreover, some statements may apply to some inventive features but not to others. In general, unless otherwise indicated, singular elements may be in the plural and visa versa with no loss of generality.

FIG. 1 shows a block diagram of a system operating in accordance with the
15 present invention. A consumer may make deposits in an account using an automated currency processor 100, such as the automated currency processor described in US Patent application 09/939,940 of which is hereby incorporated by reference. The automated currency processor receives deposits 102, The deposits
102 include cash received in the form of paper or coin currency. The deposits 102
20 further include other electronic transfers such as those facilitated by credit card, prepaid card, smart card and other active or passive card transactions. The deposits from the automated currency processor are processed by a financial processor 150
which attributes the deposits to an account balance 155 associated with the customer. The customer preferably uses a prepaid card 105 to identify the account
25 155. The prepaid card may be any type of account card identifying account 155 including active smart cards and passive prepaid and credit cards. The consumer may use the prepaid card 105 to purchase goods or services from a consumer point of sale 110. The financial processor receives a transaction request from the
consumer point of sale 110 and attributes it to account 155 with information provided
30 by prepaid card 105. Additional transaction verification may be done by entry of a PIN by the customer or signature verification at point of sale 110. If the account

balance 155 is sufficient to fund the transaction then the transaction is authorized by transaction authorization 160.

5 The aforementioned process allows for a customer to anonymously use a card at a point of sale to complete a transaction. No personal information is required to establish an account at the automated currency processor 100, and no personal information is required at consumer point of sale 110 to complete the transaction. Further, fund transfers into account 155 at the automated currency processor need not identify the customer. For example, funds can be transferred into the customer's account using a credit card of another at the automated currency processor. The credit card need not be the customer's credit card. For example, a prepaid card customer may perform a few hours of repair work and be compensated by the one employing the prepaid card customer. Instead of check or cash compensation, a credit card transfer of funds at the automated currency processor into the customer's account may be made by debiting the employer's credit card. Alternatively the transfer may occur over the Internet with a browser accessing the customer's account. See www.mycardstatus.com for an example an Internet based credit card transfer of funds into the account of a prepaid card.

20 If the prepaid card customer is regularly employed by an employer, then regular employer compensation or payroll deposit 122 may also be electronically transferred into the consumer's account 155. Methods and processes of such transfers are known to those familiar with the art. The employer may also provide automated employment validation information 125 to the financial processor.

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Financial processor 150 further includes a credit processor 170. In the event that there are insufficient funds in account 155 to cover a transaction then credit processor 170 may nevertheless authorize the transaction on the basis of credit information by granting a loan 172. The credit processor determines a credit limit for the loan by using any of several types of information available to it. The credit processor processes several types of information including account deposit history

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174, point of sale classification 176, transaction classification 178, consumer credit information 180 and employment validation 182. The credit processor may further produce credit information 185 which may be provided to other financial institutions or credit providers 190 facilitating establishing credit and facilitating credit based transactions at the other institutions 190. The credit information may include information regarding the credit performance of the customer as determined by the credit processor. For example if the credit processor grants a loan to the customer to facilitate a purchase transaction and the loan is repaid by subsequent deposits, then that loan information may be provided to Institutions 190. Institutions 190 may further provide additional credit information 180 for use by the credit processor 170.

It should be appreciated that the components of FIG. 1 including the automated currency processor 100, consumer point of sale 110, financial processor 150 and other institutions 190, are an illustration of the invention. In practice these components are part of a large and ever improving global financial network known to those familiar with the art. Preferably, decisions in authorizing transactions made by a financial processor 150 are preformed by the financial entity associated with the prepaid card 105, such as DataWave Systems Inc, a leading provider of prepaid cards. Other communication, network and equipment provision may be performed by a number other entities known to those familiar with the art.

The credit processor grants loans 172 to facilitate transactions. Loans are granted to an amount within a credit limit determined by the credit processor. Preferably the credit processor uses deposit, purchase and loan history to determine a credit limit. This more readily establishes a credit limit for customer deemed unworthy of conventional credit. The loan is repaid from funds deposited in the account. Prepaid card loan granting and repayment history is useful when a customer desires to establish credit with other financial institutions or credit providers.

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The credit processor analyzes deposit history 174 of the account. For example, if the consumer has made monthly deposits of \$500 for the past 12 months, then the regularity of the deposits may allow for extension of credit up to \$250 in anticipation of the next deposit. If the deposits have been regular for the past
5 four years then the amount could be increased to \$600. Other values may be determined by statistical prediction and risk weighing methods known to those familiar with the art.

The credit processor analyzes point of sale classification 176. Since the
10 customer could be anonymous, the extension of credit may only be made at certain types of points of sale wherein a point of sale has at least one distinguishing characteristic. For example credit could be extended at a pharmacy but not extended at a liquor store. Furthermore, credit may be established a neighborhood point of sale by determining locations of prior points of sale and comparing with the
15 location of the current point of sale. Credit may not be extended if the point of sale is beyond the consumer's established neighborhood.

The credit processor analyzes the transaction classification 178. Transaction classification indicates the types of goods or services being purchased. Since the
20 consumer could be anonymous, the extension of credit may only be made for certain types of goods or services. For example automotive repair services may merit extension of credit, while credit may not be extended for services at a casino. Further, credit may be extended for a class of goods or services regularly purchased by the consumer. For example, if the consumer has a history of purchasing nursing
25 services, then credit could be extended for the continued purchase of nursing services, even though purchased at a new point of sale.

To further facilitate extension of credit, the consumer may decide to provide customer credit information. Customer credit information is known to those familiar
30 with the art and includes personal identification information such as name and address. Furthermore tax ID number, bank account information, income sources and

amounts, and other creditors and loans may be provided. Such information facilitates conventional establishment of credit which may be further used by the financial processor 170 to establish credit. For those deemed credit unworthy by conventional credit standards, other information regarding account transactions may
5 be used by the credit processor to extend credit and authorize a transaction. For example if a customer has established a regular deposit and spending history then credit could be extended even though the customer has no permanent residence, verifiable income or bank account.

10 In another embodiment, if the customer had established the regular deposit and spending history while remaining anonymous, and the customer then provides personal information, the prior anonymous profile or history associated with the account could be attributed to the customer credit information for further establishing credit. The prior anonymous profile or history could further be made available to
15 other institutions in the establishment of other types of credit such as a home mortgage loan.

In this embodiment, the anonymous prior history of the account 155 could be further validated by the continued habits of deposits, and classifications of
20 transactions 178 points of sale 176 after the provision of consumer credit information 180. Since the prepaid card 105 associates the account with deposits and purchases when the customer is anonymous, validation of customer deposit and purchase behavior before and after provision of customer credit can be used as a measure against fraud. If the customer purchase classifications are substantially
25 different after provision of the customer credit information, then less statistical weight should be given to the account history while the user was anonymous. In this example, the prepaid card may have been fraudulently or otherwise improperly obtained prior to the provision of the customer credit information.

30 This embodiment allows for the non-credit worthy consumer to remain anonymous while establishing a legitimate deposit, spending and loan history. The

history may be made available to other financial credit institutions upon the provision of customer credit information. The anonymous history may be further validated by BIO-ID and/or sufficient deposit and point of sale and transaction classification after the provision of customer credit information.

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The credit processor looks at employment validation 182. The credit processor queries the employer 120, or deposit transferring entity, to determine if the customer remains viably employed. The query is made by requesting employment validation information. Employment validation may further include a determination of the viability of the employer. For example, if the employer were to file bankruptcy or have other business problems clouding its viability then credit processor 170 would weigh that information in authorizing the transaction. Furthermore, if the customer were terminated by the employer, then credit would not likely be extended on the basis of payroll deposits 122 received from the employer.

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The credit processor 170 uses loan history 172, deposit history 174, point of sale classification 176, transaction classification 178, customer credit information 180 and employment validation 182 in determining a credit score 185 and in authorizing the transaction 160. Credit performance information may be made available to other financial institutions and credit providers 190 such as Experian, Trans Union, Equifax and others known to those familiar with the art. Further, credit processor may obtain customer credit information 180 from institutions and providers 190. The credit score is a statistical calculation including at least a portion of the aforementioned factors and may be used to determine the likelihood that a loan will be repaid. There are many methods of statistically arriving at a precise credit score or credit rating, such statistical methods are known to those familiar with the art and include Beacon, FICO, and Empirica credit scores.

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In an alternate embodiment, automated currency processor 100 and consumer point of sale 110 include BIO-IDs or biological identifier devices 101 and 111, respectively. The customer also includes a biological identifier 106 uniquely

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indicative of the customer. Biological identification techniques and devices are within the field of biometrics and are known to those familiar with the art and include finger print identification and/or retinal scans. Alternative identifiers include voice or image recognition and DNA sequence identification. The BIO-ID has the advantage of

5 positively identifying the customer without necessarily requiring personal or customer credit information. This allows the customer to remain anonymous while providing an additional measure of fraud prevention. When an anonymous customer obtains a card from the automated currency processor with an initial cash deposit, the customer's BIO-ID is recorded at the automated currency processor. There is no

10 requirement to obtain any other information identifying the customer. When a purchase is made at a consumer point of sale, the customer's BIO-ID is again determined and the transaction is authorized if the BIO-ID matches the BIO-ID received at the time of deposit. Note that matching BIO-IDs may be substantially similar so as to exclude a significant portion of the population by its use, thereby

15 reducing the likelihood of theft or fraud. Furthermore, the customer may authorize others, such as family members, to access the account buy the use of BIO-IDs and/or prepaid cards. The use of the BIO-ID further protects the customer from unauthorized withdraws if the prepaid card is stolen. Furthermore, if there are insufficient funds, then analysis of prior deposit , spending and loan characteristics

20 can be analyzed in order to determine if credit should be extended. Validation of the BIO-ID protects the credit provider from extension of credit to an anonymous person due to theft or fraudulent use of the card. This is because the credit provider reduces the risk of extending credit to another person who is not the anonymous customer who has established a deposit and spending history. Matching of the BIO-IDs

25 assures the credit provider that the anonymous customer requesting transaction authorization is indeed the same anonymous customer who has established a deposit and spending profile. It should be further appreciated that in an alternate embodiment the prepaid card 105 could be entirely replaced by the BIO-ID. Thus, a customer's finger print, retinal image, voice, visual image or DNA sequence would

30 be entirely sufficient to associate deposits, purchases and credit determinations with the corresponding account 155.

FIG. 2 shows a flow diagram of a process wherein a second financial institution facilitates a credit transaction based upon loan performance at a first financial institution wherein the credit rating for the loans is established by deposit and purchase transactions of a prepaid card customer. In step 50, deposits are received. The deposits are preferably non-anonymous or alternatively anonymous depending on whether or not the customer associated with the account has provided personal information identifying the customer. The deposit may be a cash deposit at the automated currency processor, or other electronic fund transfer. Then is step 52 any loan granted (from step 66) is repaid (either settled or paid down depending upon the amount deposited, the minimum payment and/or directions from the customer) from the deposit and the remaining funds transferred into a first account. The first account is preferably a prepaid card account established by the customer. Then in step 56 a credit limit is determined based upon the account deposit, purchase and loan transactions. Preferably, the credit limit is determined only if the customer has provided personal information identifying the customer. The personal information includes name and address information but preferably does not include other financially related information such as bank account, loan and credit status or property ownership information. In another embodiment, if the customer's prepaid card account was initially established as anonymous and then personal information provided some time thereafter, the anonymous deposits and purchases can be used in determining the first credit limit upon validation. Several methods of validation are described below. In yet another embodiment the customer's credit limit may be established even if the customer is anonymous, as described in more detail below. Then is step 58, a purchase transaction request is received. The request may be either anonymous or non-anonymous depending upon whether the customer as provided personal information. Step 60 determines if the first account has sufficient funds. If so, then the transaction is authorized in step 62 thereby facilitating the purchase. If there are not sufficient funds then step 64 determines if the credit limit is sufficient to cover the transaction. If not, no authorization is generated. If so, then a loan is granted at step 66 equivalent to the amount beyond the account balance needed to facilitate the transaction and the transaction authorized at step 68. The

granting of the loan may invoke additional charges such as loan origination and interest fees. The loan granting at step 66 and loan repayment of step 52 are useful in the establishing of credit beyond the first credit limit determined by the prepaid card company hosting the first account. Step 70 generates non-anonymous credit information from the loan information for use by other financial institutions for extension of credit to the customer. This credit information is non-anonymous when identification of personal information related to the customer is required by the other financial institutions in the extension of credit. Since the extension of credit at step 56 may have occurred while the customer was anonymous, the loan granting and repayments may be further validated as described below. Steps 72-74 are preferably performed by a separate financial institution or credit agency. Step 72 determines a second credit limit for a second account based in part on the loan granting and repayments of the first account at steps 66 and 52. Other conventional credit information may be processed such as bank assets and other credit performance and other tangible or intangible assets and incomes. In step 74 a purchase request for the second account is received. If there is sufficient credit limit then the transaction is authorized at step 76.

FIG. 2 show a process wherein a customer may anonymously open a first account using cash deposits at an automated currency processor and use a prepaid card to facilitate anonymous purchases. A prepaid card credit limit is established based upon a history of deposit, purchase and loan transactions facilitated by the financial processor. No other credit information is required. This has the advantage of providing credit to customers who may be unworthy of credit by conventional standards by utilizing a history of prepaid card transactions that would have otherwise been facilitated with cash. When the customer uses the prepaid card credit, loan granting and loan repayment by subsequent deposits results. The loans and loan repayment history is useful and is used by another financial institution to extend other types credit to the customer for other purchasers. The customer provides personal information prior to the extension of credit by the second financial institution, thereby making all subsequent deposit, purchase and loan transactions

non-anonymous. The process has the further advantage of validation steps which allow use of the prior anonymous transactions in the determination of credit limits. Thus, the transaction history developed while the customer was anonymous remains applicable.

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A further advantage of the invention is the ability to provide the prepaid card customer with advance information regarding how credit can be established with the prepaid card provider. Schedules including time tables and deposit amounts leading to credit amounts may be provided to the customer at any time. This allows a customer with no credit history or bad credit history to meet known expectations in the provision of credit. Table 1 below is an example of a table that would be provided to a customer indicating predetermined criterion of deposit characteristic for the provisions of credit.

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TABLE 1 DEPOSIT HISTORY AND CREDIT PROVIDED

WEEKLY DEPOSIT	WEEKS 0-27	WEEKS 26-51	WEEKS 52-104
\$100	CREDIT = \$0	CREDIT = \$0	CREDIT = \$100
			MINIMUM WEEKLY DEPOSIT = 25% OF CREDIT
\$500	CREDIT = \$0	CREDIT = \$300	CREDIT = \$600
		MINIMUM WEEKLY PAYMENT = 25% OF CREDIT	MINIMUM WEEKLY PAYMENT = 10% OF CREDIT

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For example, if a customer makes weekly deposits of \$500 for twenty six weeks, then a credit of \$300 is available for the prepaid card customer. Prior to the completion of the 26 weeks it is anticipated that the customer is purchasing goods or services at points of sale at a rate substantially equal to the deposit rate. Thus, a typical prepaid card customer depositing \$500 a week is also spending about \$500 a week with the prepaid card. After credit is advanced between weeks 26 and 51, the

minimum weekly payment is 25% of the loan granted. Thus, if a customer receives a \$300 loan, the next minimum weekly deposit is \$75. If this deposit is not made then a missed loan payment may be reported to other institutions. If this deposit is made then a satisfactory loan payment may be reported to other institutions. In order to advance to the next credit level, the next total deposit after the \$300 loan must be at least \$575, equal to the weekly deposit of \$500 plus the minimum weekly payment of \$75. The customer may direct that the deposit includes more than the minimum weekly payment of credit. For example, if the customer's weekly deposit were \$650 instead of \$575 then the customer could direct that \$100 be applied to loan repayment (rather than the \$75 minimum) and the remaining \$550 be deposited in the account. This example works not only to accelerate loan repayment but accelerates the customer's building of credit available with the prepaid card. The customer's direction may be made at the time of deposit, via instructions over the internet or at other times or means as are known by those familiar with the art. If this the loan is entirely repaid then both the periodic loan payments and a satisfactory loan repayment may be reported to other institutions. If the customer continues to deposit \$500 per week plus additional minimum weekly payment, then after 52 weeks the available credit is increased to \$600 per month and the minimum weekly payment after credit is advanced is decreased to 10% of the credit advanced. This reflects the customer's improved creditworthiness. If the minimum weekly payment is not met, then a missed payment may be included in credit information provided to other financial institutions.

Providing a prepaid card customer with a predetermined deposit criterion has the advantage of allowing customers desiring to establish credit a clear and readily understood process to achieve their desired goal. Furthermore, the customer having a poor credit history and desiring to reestablish credit has the additional advantage of being able to establish credit with prepaid card purchases without having to disclose prior credit history. If the customer has good credit performance with the prepaid card, such information will be made available to other credit agencies or financial institutions thereby facilitating the further advancement of credit. An

additional advantage is realized in that a prepaid customer desiring to establish credit is encouraged to use the prepaid card as much as possible in place of transactions that were formerly cash because the customer is encouraged to maximize deposits in order to maximize the resulting credit. Encouraging maximum use of the prepaid card has the further advantage of maximizing collected transaction fees associated with use of the prepaid card.

It should be appreciated that numerous variations of the above table are possible while remaining within the scope of the invention. For example, the weekly deposit can be computed as an average weekly deposit calculated over a desired time interval. The time interval, deposit amounts, credit amounts and minimum weekly payments may be varied in accordance with risk adjusted credit determination formulas. The customer may repay the loan at a rate faster than the rate provided by the minimum monthly payment. If a customer having received a loan of some or all of the credit limit makes only the minimum weekly payment and does not make the weekly deposit, then no additional credit may be provided until the weekly deposits are again made.

FIG. 3 shows a flow diagram of a process for establishing credit after provision of personal information in accordance with the present invention. Steps 200 through 212 show the transaction method when the customer is anonymous and no credit is extended while steps 214 through 224 show the transactions when the customer is no longer anonymous and credit may be extended. Note that in alternate embodiments credit can be extended while the customer remains anonymous. Step 200 receives anonymous cash and other deposits at a currency processor wherein information associated with the prepaid card identifies the account. For example, referring to table 1 above, the customer may be anonymous for the first 12 weeks and then provide personal information, making additional deposits thereafter. The initial 12 weeks of deposits may be considered in determination of credit. It should be appreciated that for non-cash transfers of step 200, that alternative devices and methods other than a currency processor may be used to facilitate the transfer. Such

alternatives include conventional wire transfers and Internet based transactions. Step 204 receives a transaction authorization request from a point of sale wherein the prepaid card identifies the account. Step 206 determines if sufficient funds are available to cover the transaction. If so the transaction is authorized in step 208.

- 5 Alternately, if there are insufficient funds then the transaction is not authorized in step 210. Corresponding account debiting and funds transfer to the point of sale merchant are not shown. Step 212 checks if personal information is associated with the account. The personal information includes customer credit information. If not, the process returns to step 200 and/or 204 to await for another deposit or purchase
- 10 transaction. If personal information is received, then step 214 receives non-anonymous deposits. Deposits may be receive with information indicative of the account included on the prepaid card, or may be received with information indicative of the customer as included in the personal and credit information provided at step 212. Then, step 216 determines a credit limit based upon anonymous and non-
- 15 anonymous purchases and deposits, and personal information including credit information. Step 218 receives a transaction authorization request from a point of sale. Step 220 determines if the sum of the credit limit and the account balance is sufficient to cover the transaction. Step 222 grants the loan and authorizes the transaction if the sum is sufficient, otherwise the transaction is not authorized at step
- 20 224. Corresponding account debiting and funds transfer to the point of sale merchant are not shown. It should be appreciated that the amount of credit may be modified based upon the classification of the point of sale requesting authorization or the classification of goods and/or services associated with the transaction request at step 218. Thereafter the process returns to steps 214 through 218 to receive
- 25 deposits, transaction authorization requests and determine credit limits.

FIG. 4 shows a flow diagram of a process for extending credit on the basis of account transactions in accordance with the present invention. Payroll deposits are received at step 240, such deposits are optional. In step 242, cash and other

30 deposits are received. Information included with the prepaid card associates cash and other deposits with the account. If the account is not anonymous, then personal

and credit information may be used to direct the deposit to the account. A transaction authorization request is received from a point of sale at step 244 wherein the prepaid card is used to identify the account. The transaction is authorized if the account has sufficient funds, steps 246 and 248. If insufficient funds, steps 250 through 260 determine if credit should be extended. Step 250 determines if there is an acceptable deposit history to cover the insufficiency. For example credit may be extended up to the value of the next anticipated deposit. As a modification or alternative to the example of Table 1 above, a statistical example of determining how much credit to extend includes; extending no credit if deposits have not been regular for six months, extending credit equal to 10% of the next expected deposit upon the six month, linearly increasing to 50% of the next anticipated deposit through the twenty fourth month, and maintaining the credit limit to 50% of the next anticipated deposit thereafter. If the deposit is a payroll deposit, step 252 may further verify employment with the employer to assure the employee is still an employee and/or to ensure the viability of the employer. Such employment and employee checks may be automated. The credit is preferably adjusted to reflect the statistical risk of receiving the employer payroll deposit. Step 254 determines if the point of sale is acceptable. This step additionally determines credit based upon the aforementioned classification associated with the point of sale. For example, if the point of sale is a liquor store, then credit may be denied or reduced by a factor associated with the classification. Step 256 determines if the goods and/or services to be purchased are acceptable. This step additionally determines credit based upon the aforementioned classification associated with the goods and/or services being purchased. For example, if purchasing services in a casino is attempted, then credit beyond the amount deposited in the account may be denied or reduced by a factor associated with the classification. It should be appreciated that weekly deposits of Table 1 may be enhanced or substituted with weekly purchase information. This has the additional advantage of being able to determine a credit limit further in response to an assign a credit quality factor associated with the points of sale used by the prepaid card customer. Step 258 determines if the personal and/or credit information related to the account is acceptable. This applies to more conventional credit

establishment processes based on customer supplied information and/or information provided by financial institutions and credit providers. This step may substantially modify the amount of credit determined by the prior steps. For example, if the customer is anonymous then the credit extended may be reduced. However, if it is known that the customer has substantial assets and/or deposits at a bank or other financial institution, then credit may be greatly increased. If the extended credit of step 260 plus the account balance is sufficient to cover the transaction, then it is authorized at step 248 and a loan granted. Otherwise the transaction is not authorized at step 262.

It should be appreciated that the financial processor may make a credit determination by performing steps 250 through steps 258 and provide that information to other financial institutions or credit providers in order that they may facilitate other transactions. It should further be appreciated that transactions need not be identified by the prepaid card. Example transactions which do not require the prepaid card include pre-authorized payments such a payments for rental property or utilities.

FIG. 5 shows a flow diagram of a process for validating anonymous deposits and purchases prior to provision of personal and credit information for the purpose of credit determination. In this embodiment, anonymous transactions are allowed and tracked, but credit is not extended until after personal and/or other credit information is provided. Anonymous deposits are received at step 300. The location and source characteristics of the deposit are determined at step 302. If cash is deposited at a currency processor, then the location of the currency processor and the amount of the deposit is determined. If another fund transfer method is used, then the source and amount of deposit is determined. In step 304, a transaction is authorized. Step 306 determines the location and other characteristics of the point of sale. The location of the point of sale and deposit location information help to establish a customer's neighborhood. The determination of other characteristics allows determination of the types of stores a consumer shops. Step 308 determines

characteristics of goods and services purchased. The aforementioned steps are repeated for all deposits and purchases and help to establish a profile for the anonymous customer. In step 310 the personal and credit information is received from the customer. Step 312 receives deposits and authorizes purchase transactions, albeit with a now non-anonymous customer. Step 314 establishes a profile of the non-anonymous customer by determining the location and source characteristics of non-anonymous deposits and location and other characteristics of points of sale and characteristics of good and/or services purchases. Step 316 allows inclusion of the anonymous deposits of step 300 and anonymous purchases of step 304 at step 318 if the anonymous and non-anonymous characteristics or customer profiles substantially match. Matching profiles include substantially similar profiles that exclude a substantial portion of the population by use of the profiles, thereby reducing the likelihood of theft or fraud. It should be appreciated that step 316 could be modified to weigh the anonymous purchases and deposits on the basis of the similarity between the anonymous and non-anonymous customer profiles. Matching profiles would provide the most weight, while similar profiles, where for example the customer is purchasing goods or services of a slightly different characteristic would reduce the weighing of the anonymous purchases and deposits. Profiles that are completely different may be indicative of theft or fraud and result in no weighing of anonymous purchases and deposits as well as no credit based upon non-anonymous purchases and deposits.

The process of FIG. 5 allows a customer to use a prepaid card to privately conduct transactions with the anonymous nature of cash. After providing information identifying the customer a non-anonymous deposit and purchase profile established. The history established while the customer was anonymous is validated and may be included in a credit determination. This has the advantage of allowing those consumers unworthy of conventional credit and accustomed to private and anonymous transactions to smoothly transition to more conventional credit based transactions by allowing their anonymous spending and deposit history to apply to credit determination. This has the further advantage of allowing the individual consumer to

decide if and when the anonymous nature of their transactions will be lost and the history applied to credit determination. By comparing anonymous and non-anonymous deposit and purchase profiles, the credit provider has some protection against extending credit based upon fraudulently provided information. Of course, if
5 no anonymous history is available because the customer provides personal and credit information upon receiving the prepaid card, then credit still can be established using the non-anonymous transactions processes of steps 312 through 318.

10 FIG. 6 shows an alternate process for credit extension and transaction validation based on the BIO-ID of the customer. While the process of FIG. 5 in part protects the credit provider from extension of credit due to fraud by validating the anonymous and non-anonymous customer profiles to assure a customer's continuity. The process of FIG. 6 in part protects the credit provider from extension
15 of credit due to fraud or theft by validating the BIO-ID or other biometric indicia of the customer. This is an alternative for or supplement to profile comparisons or other processes for validating anonymous deposits and transactions and has the advantage of not requiring additional personal and/or credit information in the extension of credit. The customer can be positively identified from one transaction to
20 the next as being the same customer, without necessarily knowing the identity of the customer because of a matching BIO-ID. Step 350 receives anonymous deposits, repays loans and authorizes anonymous transactions while processing the associated BIO-IDs. When a customer makes a deposit or a purchase at a consumer point of sale, the BIO-ID is determined by finger print, retinal scan or
25 otherwise thereby validating the customer. Step 352 determines the location and source characteristics of deposits, the location and other characteristics of the point of sale and characteristics of goods and/or services being purchased. Step 354 determines if there is a substantial match identifying the customer between anonymous BIO-IDs of the current transaction with prior purchases and deposits. If
30 no match, the transaction is not authorized at step 358. If there is a match, then step 358 determines a credit limit based on anonymous deposits and purchases. If there

are sufficient funds in the account plus the determined credit limit to cover the transaction in step 360 then a loan is granted and the transaction is authorized in step 362. Thus, credit has been extended to a customer who is anonymous yet positively identified as a prior customer.

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It should be appreciated that a customer need not be anonymous to use the BIO-ID components of the process of FIG. 6. It should further be appreciated that the anonymous customer has the option to provide personal and credit information at any time. If personal and credit information is provided then loan information and the deposit and spending profile accumulated at step 352 may be made available to other financial institutions and credit providers. The BIO-ID may be used to validate the anonymous profile as belonging to the customer, thereby reducing the risk of fraud or theft in using the previously anonymous information. This eliminates the time and processes of FIG. 5 needed to establish and compare anonymous and non-anonymous profiles in order to validate the non-anonymous profile provided to other financial institutions and credit providers. Alternatively, the processes of profile validation FIG. 5 and/or the BIO-ID validation of FIG. 6 may be combined with other processes to provide further fraud and theft protection.

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Thus, what has been provided is a process for extending credit to those receiving cash compensation. What is also provided is a process for extending credit without demanding the loss of privacy facilitated by anonymous cash based transactions.

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The present invention, as would be known to one familiar with the art could be produced in hardware or software, or in a combination of hardware and software. The system, or method, according to the inventive principles as disclosed in connection with the preferred embodiment, may be produced in a single computer system having separate elements for performing the individual functions or steps described or claimed or one or more elements combining the performance of any of the functions or steps disclosed or claimed, or may be arranged in a distributed

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computer system, interconnected by any suitable means as would be known by one familiar with the art.

According to the inventive principles as disclosed in connection with the preferred embodiment, the invention and the inventive principles are not limited to any particular kind of computer system but may be used with any general purpose computer, as would be known to one familiar with the art, arranged to perform the functions described and the method steps described. The operations of such a computer, as described above, may be according to a computer program contained on a medium for use in the operation or control of the computer, as would be known to one familiar with the art. The computer medium which may be used to hold or contain the computer program product, may be a fixture of the computer such as an embedded memory or may be on a transportable medium such as a disk, as would be known to one familiar with the art.

The invention is not limited to any particular computer program or logic or language, or instruction but may be practiced with any such suitable program, logic or language, or instructions as would be known to one familiar with the art. Without limiting the principles of the disclosed invention any such computing system can include, inter alia, at least a computer readable medium allowing a computer to read data, instructions, messages or message packets, and other computer readable information from the computer readable medium. The computer readable medium may include non-volatile memory, such as ROM, Flash memory, floppy disk, Disk drive memory, CD-ROM, and other permanent storage. Additionally, a computer readable medium may include, for example, volatile storage such as RAM, buffers, cache memory, and network circuits.

Furthermore, the computer readable medium may include computer readable information in a transitory state medium such as a network link and/or a network interface, including a wired network or a wireless network, that allow a computer to read such computer readable information.

Although a specific embodiment of the invention has been disclosed. It will be understood by those familiar with the art that changes can be made to this specific embodiment without departing from the spirit and scope of the invention. The scope of the invention is not to be restricted, therefore, to the specific embodiment, and it is
5 intended that the appended claims cover any and all such applications, modifications, and embodiments within the scope of the present invention.

What is claimed is:

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